

MEMOIRS *of a* CORPORATION



Weaving a Century

CHAPTER II

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PACIFIC MILLS

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MEMOIRS *of a* CORPORATION

The Story of Mary and Mack and Pacific Mills

with the editorial assistance of Josef Berger



Weaving a Century

PACIFIC MILLS

**Executive Offices: 140 Federal Street
BOSTON, MASSACHUSETTS**

Andover Room

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DEDICATION

*To the memory of those gallant workers of
Pacific Mills who died in service of their country
on the battlefields of four wars, this series
of booklets is reverently dedicated . . .*

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PACIFIC MILLS

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This is the second of a series of booklets being published by Pacific Mills at monthly intervals through the current year in commemoration of the founding of the company one hundred years ago.

If you did not receive the preceding chapter, Pacific Mills will be glad to send it to you on request. Write to Pacific Mills, 140 Federal Street, Boston 10, Mass.

II

Baptism in Red Ink

Abbott Lawrence, founder of Pacific Mills, lived to see his creation a going business — going to the dogs.

Yes, the great dream of the statesman-industrialist of a century ago — dream of the world's biggest textile enterprise — looked in the year 1853 as if it might die a-borning.

The root of the evil was not-enough-money. The company fathers had made a serious under-estimate of what it would take to get started. In a letter dated April 15, 1852, Jeremiah S. Young, chosen as the first treasurer, had written to Engineer Storrow:

The whole capital required would be \$750,000, two-thirds of which would be required for mill building and machinery, the balance for land, dwellings, power and capital.

The engineers had figured everything down to the last brick, sash and nail:

*Walls of brick 2 ft. thick, 68 ft. high, with 600 windows
5 x 7 x .2 ft. out, including 4 towers, say 3,500 M. B.*

@ \$9 \$31,500

Built to endure were the huge seven-story cotton mill and the long low print works — built to stand there on the banks of the

Merrimack against the battering of world-wide competition, just as the Essex Company's dam was built to hold its own through the centuries against the straining of the moody river.

But when it was built, the company's million-dollar capital had vanished. Despite the pages and pages of carefully detailed estimates, actual costs had gone far beyond them. Now Pacific Mills, before a wheel could turn, was broke.

On August 19, 1853, a fateful meeting of the big stockholders was held in Engineer Storrow's office in Lawrence. Abbott Lawrence was back from abroad. Now the mill was built, the money gone, and his associates in the great dream were there to put the question to him: What next?

The air that hung over that conference table was thick enough to befog a full-rigged ship. Some were for going ahead at all costs — notably J. Wiley Edmands, who in later years was to succeed Jeremiah Young as treasurer, and the Lyman brothers, George and Theodore. Others were for awaiting smoother weather; and still others talked of writing off bad money rather than sending good after it.

They spoke accusingly to Abbott Lawrence. One pointed out there was already more machinery in America for making cloth than the South could supply with cotton.

"Cotton's high," said another, "goods is low. Damned if I can see how to get rich out of that!"

"Robeson, at Fall River, went under while you were away, Abbott," someone else put in. "A big mill and an old one."

"Do you realize, sir, out of twenty-seven leading mills today, the shares of all but three are selling twenty per cent or more below par?"

Abbott Lawrence was silent. His thoughts were on something else, something bigger than the supply of cotton, the price of shares, bigger even than his whole dream of Pacific Mills.

He was thinking of America. He had been to many places in the world. He had come back. And he had looked once more upon the nation that was to become the greatest of them all. Nothing these men argued could shake his faith in that.

But if a nation were to be great, so must be its industry, its product. The land, the richness within it, was rich and good only if used. A people could not live, could not grow, without work. If you believed in America's future, then you had to believe in an America at work.

"Perhaps," he said after a long pause, "I'd better go home and think it over a little while longer."

Charles Storrow was startled, incredulous. Was the "old man" wavering at last? Had they talked him out of it? "Think over what?" he asked.

"Whether to raise the capital to two million," Abbott answered quietly, "or make it three."

There was a strange assurance in his voice. While the others gasped at the figures, that calm reliance was so plain they decided he must know something, some secret, perhaps, which he had learned as ambassador, and of which they knew nothing. Those who had been afraid to stay in with him were now

afraid to pull out. An increase in the authorized capital of Pacific Mills to two million dollars was decided on forthwith. But it remained to be seen what part of that amount could be raised through sale of shares.

After the meeting Abbott sat at his desk, alone. He was saddened — not by what was happening to Pacific Mills, but by what had happened to the old firm of A. & A. Lawrence. It was gone now, dissolved.

Brother Amos was gone. After giving away more money in proportion to his total fortune than was later to be given by the Rockefellers, the Carnegies, or any other major philanthropists following in the path he had pioneered, Amos Lawrence, unique among American business men, had peacefully ended his long struggle against the golden tide.

Abbott wished he could talk to him now. Not that Amos would have approved of all that he was doing. But in the end he would have consented, gently, and with a hopeful word. And that was what Abbott needed.

He remembered how pleased Amos was when he, Abbott, had decided a few years ago to give \$50,000 to found the Lawrence Scientific School at Harvard (now Harvard Engineering). Amos had written him a note that day:

You may well cherish this magnificent plan as the thing nearest your heart. It enriches your descendants in a way that mere money can never do, and is a better investment than any you have ever made.

It was going to take a lot of scratching around to get another million dollars together for Pacific Mills. But Abbott felt a sudden urge. He called in a clerk and dictated a note to his friend Professor Agassiz at Harvard — announcing his intention to give the school another \$50,000.

The idea, the dream behind the great mill, was sound. Abbott Lawrence knew it. America was a safe bet. And this was America, part and parcel. In sheer daring, in newness of concept, in its bold insistence on going after the better things of life, it was a true creature of the American spirit, a signal of faith in the nation that was even then little more than three score years and ten. If only it hadn't taken so damned many dollars!

Many times he went out from Boston in that autumn of 1853 to stand beside the Merrimack and gaze on his vast house of mechanical magic, still unready, the dream now translated into brick and machinery, yet a dream still.

He could see the power swirling into the penstocks on its way to the water wheels. He could check the machines for drawing, spinning, weaving, finishing, printing, and the hundred and one processes in between.

Machines! Row on row, floor on floor. A thousand looms, with carding, spinning and dressing apparatus to match the work load. And still not enough. Achieving "integration" — embracing the whole raw-to-finished series of steps within a single enterprise — was like trying to make a cake without a

recipe. Half a teaspoon too much vanilla and you had to go back and throw in more flour and butter and all the rest to balance off.

That was the trouble Pacific Mills had run into. Geared to turn out twenty miles of finished cloth a week! The biggest corporation in the world to manufacture ladies' dress goods! But if any lady had to depend on its output at the moment, Abbott mused bitterly, she wouldn't have been a lady very long!

. . .

Like all men who march through life a step or two ahead of their times, Abbott began to find it lonely going. Some of his friends dropped off by the wayside. Others, though they didn't actually pull out, were wavering, losing confidence.

They ought to know better, he mused. Hadn't they felt the same way about the Essex Company when he was building that project? Hadn't they called it "Lawrence's Folly"? Well, Essex had built the dam. Charley Storrow's assistant engineer, Captain Bigelow, had erected the great mills, among them those for Pacific. Essex had the water power to supply them. Essex was ready to cash in. From now until doomsday the Merrimack River would work for the Essex Company while it took from the mills its price for power and paid dividends to its stockholders.

Well, if Old Debbil Bankruptcy was after Pacific Mills, he'd picked the wrong outfit. Abbott Lawrence threw the book at him — the Lawrence bankbook. Up and down State Street in Boston he went, and in New York among the gentry of the new

textile community that was just then forming in Worth Street. He talked to his friends and to those who were not his friends. He staked hundreds of thousands of dollars, his remaining fortune, on this elephant that was beginning to look white around the ears. He won through. In December, 1853, Pacific Mills began turning out cloth.

Time: An afternoon in March of the year 1854. *Place:* The home in Lawrence of William C. Chapin, Esquire, resident manager of Pacific Mills.

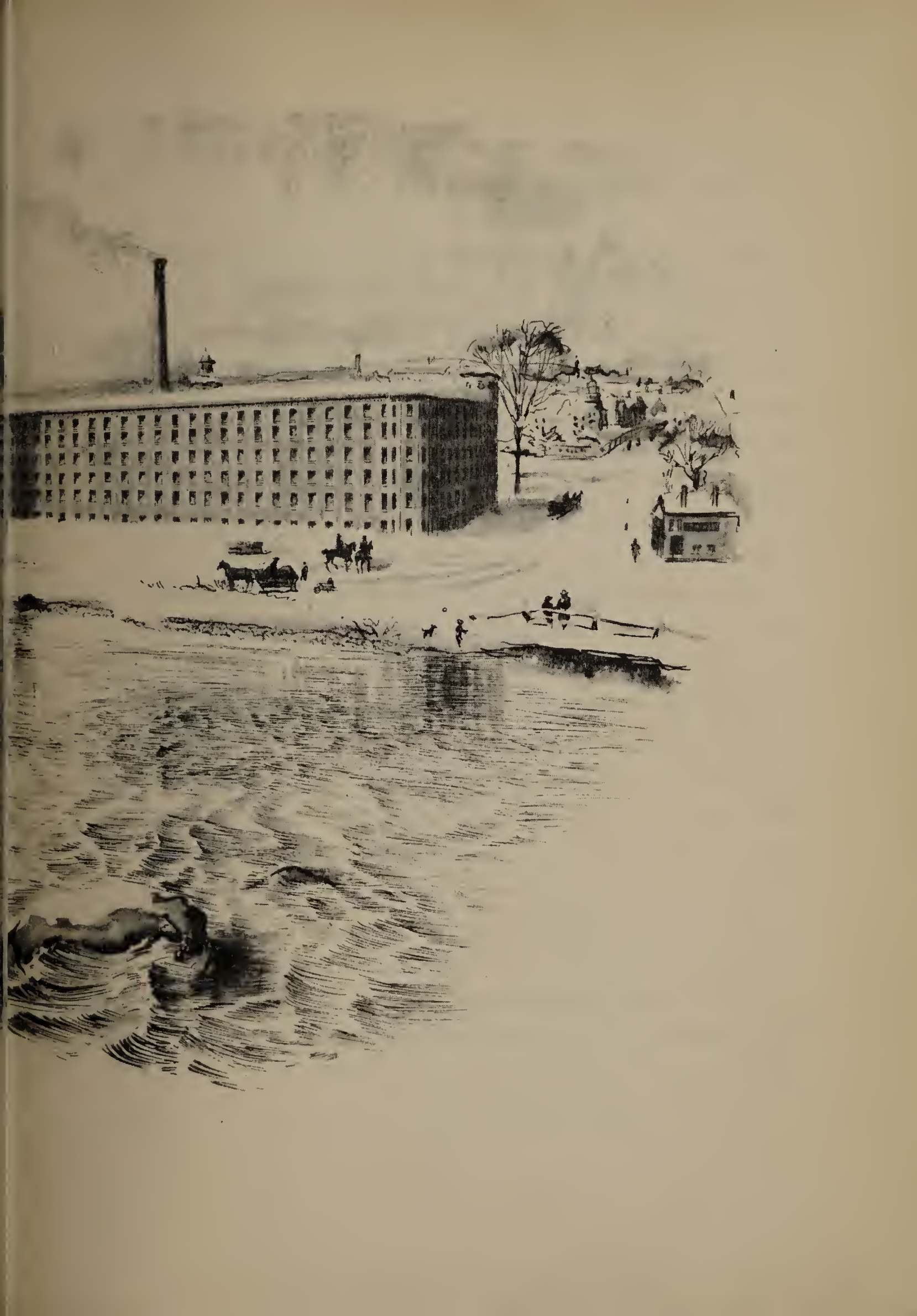
Congressman J. Wiley Edmands was just back from Washington. One of Amos Lawrence's old boys, Edmands had cut his business teeth in the Boston house of A. & A. Lawrence. He had risen to be a partner. Then, a few years ago, he'd launched out on his own and become head of Maverick Woolen Mills, in Dedham, Massachusetts.

Edmands had a trader's eye and a mind sharp enough to slit a gnat's ears edgewise. Making good in the business world was routine with him. But for all his success, he had never forgotten the Lawrences. Amos, the "Old Man," was gone now. Abbott was the new Old Man.

Wiley Edmands wanted to know how the Old Man was getting on with his new project. Not from himself — Abbott Lawrence had no eye for anything but the bright side — but from a less biased angle. He could have gone to Jeremiah Young, Pacific Mills' treasurer, but Young was at the other extreme, never saw anything but doom ahead. As the best way



1853. Now the mill was built, the money gone . . . the question: What next?



of getting at the truth, he drove to Lawrence and had lunch with Bill Chapin.

Big Bill knew clothmaking the way a Yankee farmer knew how to drive a balky ox — forwards and backwards. Abbott Lawrence had hired him away from the Globe Print Works in Providence to run the plant. The goings-on at Pacific in those days of trial and error would have driven a weaker man back to Providence, Rhode Island, if not into the arms of a higher Providence. In fact Jeremiah Young literally was driven crazy by the financial problems at the mill and a few years later died a lunatic.

Bill Chapin was strictly a production man. He could take care of the technical “bugs.” But he couldn’t do it if, every time he needed a machine, Jeremiah Young told him the company couldn’t afford it. The truth was, you couldn’t expect to build and start a \$2,500,000 business with \$2,000,000.

That is, you couldn’t for any man but Mr. Lawrence. On the shoestring that was held out to him, Bill Chapin tried. And by a combination of make-do and miracle-working, he had finally worried the works into production.

Now, talking to Wiley Edmands, Bill was still unhappy about those dollar-bugs that kept cramping his style.

“We’ve been rolling since December, but most of it’s only experimenting,” he growled. “Trying to make something out of nothing.”

“Are you ready to fill orders?”

"If those fellows in Boston can get 'em," Chapin replied skeptically. "And *if* it'll rain little lambs so we won't have to pay money for wool. And *if* I can find operatives who like the work so much they'll do it for the sheer pleasure of it instead of wages. So far it's only rained water and the work people would rather be paid in cash."

Edmands nodded confidently. When Big Bill grumbled, he knew things were going as well as might be expected at the mill. "Abbott Lawrence has never put his money on a lame horse yet. Some day, Bill, you'll look back on these times and laugh at your troubles."

"Right now," Bill said, "it would throw my jaw out of joint to crack a smile. Wiley, you know yourself, I'd cheerfully hop to hell on my last good leg for Mr. Lawrence. But here I am, trying to squeeze every cent I can out of him for machinery, and what does he do? Tells me he's going to buy books for the workers. Books! They need 'em, says he. Sure, I'd like to give 'em books, too. I'd like to give 'em an opera house and a herd of trained elephants. But what those books are costing would buy me half a dozen bleaching kiers, and I need 'em, Wiley, Lord how I need 'em!"

Big Bill was on the verge of tears. Wiley clucked sympathetically, but said:

"Never mind. Mr. Lawrence knows what he's doing."

"Maybe he does," Bill answered. "Maybe one of those damned books will tell me how to raise a greenback orchard where I can go and pick the payroll off the trees!"

Time: Same. Scene: A table in the coffee house, opposite the old church in Brattle Square, Boston. The President of a Franklin Street countinghouse is lunching with the Vice-President in charge of the securities department.

President: How many shares of Pacific Mills are we holding on our own account, Martin?

Vice-President: Seventy-five.

P. (with a sigh): What did we pay for them?

V-P.: We average about eight hundred and fifty.

P.: Better take our licking on them and get out.

V-P. (frowning): I don't like to unload now, Dave. We'll be selling into a weak market.

P.: Sorry, Martin, but we've got to get out while we can. As soon as we're out ourselves, advise all clients to do the same.

V-P.: I hope you aren't making a mistake. I talked to Abbott Lawrence only last week. He seemed perfectly confident. Thinks Jim Little can land plenty of orders, and the mills are set now to handle them.

P. (shaking his head): Sell, Martin. Sell while you can still get \$700.

V-P. (curiously): You've heard something, Dave. What is it?

P.: I was talking to Colonel James this morning. He says Pacific's headed for the wild blue yonder. I think he's right. The British are going to undersell 'em to death.

V-P.: Won't the tariff help?

P.: Not enough. Costs are going higher in this country. London knows that. If all of England has to starve for a year or



"Pacific Mills is new. . . . It'll be the first to go. Lawrence is putting up a brave front, but he can't lick all of England . . . " so went the gossip in the coffee houses of Boston's financial district.

two to do it, starve they will. But they'll hang on to their American markets until Lawrence and Lowell and Manchester are out of business. It's war, Martin. A trade war, with the whole American market as the stakes. Pacific Mills is new. Its costs are high. It hasn't any reserves. It'll be the first to go. Lawrence is putting up a brave front, but he can't lick all of England. Sell Pacific, Martin. Sell it on the first bid.

Yes, Abbott Lawrence lived to see Pacific Mills go valiantly into business while the bottom was falling out of the market for its shares. But he was spared the worst of it. In the summer of 1854 he became ill. W. H. Prescott, the historian, after a visit with him, wrote to a friend:

Poor Lawrence had a bad attack of — I don't know what, nor the doctors either — great pains in the chest, pressure on the head and insensibility. It is the third attack of the kind he has had in six weeks, and it makes his friends guess and fear for the future. He is now on a careful regimen and pays little attention to business or anything else that can excite him.

From that time on he stayed at home. But when he saw the end coming he called Wiley Edmands to his bedside. His business associates had been giving him only hopeful reports of Pacific Mills. The company was turning out cloth, rapidly building up its volume. They said nothing about the steady shrinkage of quick capital, the hard fight for profit margins, the dim view held by investors.

Though he was in pain he spoke very clearly to Edmands.

“Young and Chapin are accomplishing wonders. I hope they see it through. I know they aren't telling me everything — trying to spare me anxiety. But I still hope they can make of Pacific the thing I have in mind. Something more than just another business. A force. An industrial community. A bond of good will among men, the men of labor and the men of

capital. A new idea, Wiley, an American idea.

“But one thing troubles me. Jeremiah Young has been overworking himself. I don’t know how well he’ll bear up, or how much longer. These past few times he’s been out here, I’ve seen the signs. If he breaks, you’re the only other man I would trust to carry on. Will you do it?”

Edmands, who would not have knowingly picked a loser — not even for Abbott Lawrence — was deeply moved. Something of his friend’s faith in the huge project had been imparted to him in that moment. He consented to stand by; if need be, to take over.

“Remember, what I want,” Abbott went on, “is not only a mill that can make a profit for its owners and pay wages to its workers. I want to prove something more with Pacific Mills — that a business can afford to recognize the right of all men and women who work for it to better their own lives while they better the business, to buy homes and bring up their families in a decent atmosphere and educate themselves.

“I’ve seen a good bit of the world, Wiley. America is different. Not merely because it’s young, but because of an inborn spirit, something that can be just as alive when it’s a thousand years old as it is today. It’s different because it keeps moving ahead. It isn’t standing on a treadmill, vegetating, feeding on its own fat. With Pacific Mills, I want to give that same difference to American business, to prove business can afford to keep moving ahead — for profit and for something more than profit. I want to show that it’s good business to do that.

“Chapin and Young know what I want. They’re trying hard to make it come true. Don’t let them fail.”

On August 18, 1855, Abbott Lawrence died. It was a blow, not only to Pacific Mills but to people who knew him around the world. He valued property, the *Boston Daily Advertiser* said, “as the means of doing good to others. His benefactions, like those of his brother Amos, were almost boundless in number and amount. Every meritorious public object, every benevolent institution, every incorporated charity, share his liberality.”

His bid for inner peace was well above history’s asking price for a spot among the immortals.

In the autumn of that same year, with an assessment on the stockholders in prospect, Pacific Mills was being kicked around in the securities markets at less than ten cents on the dollar. Nor did anybody look on the stock as a bargain at that level.

Seen in retrospect, the situation was fantastic. The company, biggest of its kind in the world, was already producing. Its physical assets were tremendous, its horizon as limitless as that of the nation which had given it birth. Yet the shares, which only a few years later were to fetch two thousand dollars each, now were going begging at less than one hundred dollars! Clearly, confidence in the judgment of Abbott Lawrence was gone.

Yet he had builded better than his detractors knew. In the whole black picture there was one glimmering highlight the



The library proudly published a leather-bound catalogue of its books — “Oliver Twist,” “David Copperfield,” “Uncle Tom’s Cabin” in 2 volumes.

bankers overlooked. An item of the spirit rather than the balance sheet. Some would have called it idealism, others courage. Under any name, it was not to be found in machines, nor in ledgers, but in the hearts of people. Those Boston bankers missed it because, when Abbott Lawrence as a personage was no more, they had forgotten the people in Pacific Mills. A little reminiscence here may bring out the story.

On August 21, 1854, after Lawrence’s illness had set in, after the banks had begun dumping the shares, and with the

shadow of bankruptcy creeping towards the Merrimack, Pacific Mills opened its library for employees.

The directors wished, they explained, "to promote the intellectual and moral welfare of those in their employ" and recognized "the intimate relation which intelligence and morality bear to effective skill and industry." The company bought two thousand books as a starter and gravely announced employees would be required to contribute one cent a week.

The following year, while State Street and Worth Street were talking about receivership, the library proudly published a leather-bound catalogue of its books. "Oliver Twist" was there, and so were "David Copperfield," "Uncle Tom's Cabin" in two volumes, "Arabian Nights," a long list of J. Fenimore Cooper's novels, Washington Irving, Poe, Longfellow. Inevitably, there were a few of those dry-as-dust inspirational tracts for which nineteenth century moralists were famous, but most of the books were just what folks enjoyed reading.

Jeremiah Young went to pieces shortly after Abbott Lawrence's death. Six months later Wiley Edmands, true to his pledge, took over the management. Between them, Edmands and Bill Chapin guided the huge enterprise over the thin ice of those years like a couple of circus trainers making an elephant walk on eggs. The feat was about comparable.

But Pacific Mills lived.

Next month Pacific Mills will send you another installment of "Memoirs of a Corporation, Weaving a Century." It will be entitled "Chapter III: 1850 • This Spinning World • 1950."



